



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

OCT 28 2002

REPLY TO THE ATTENTION OF:

B-19J

Robert Lueckel, Forest Supervisor
USDA Forest Service
Ottawa National Forest
E6248 U.S. Highway 2
Ironwood, Michigan 49938

**RE: Bond Falls Project Draft Supplemental Environmental Impact Statement,
Ontonagon and Gobeic Counties, Michigan and Wisconsin CEQ # 020384**

Dear Mr. Lueckel:

The U.S. Environmental Protection Agency Region 5 (U.S. EPA) has reviewed the U.S. Forest Service's (USFS) Supplemental Draft Environmental Impact Statement (SDEIS) for the Bond Falls Project Draft Supplemental Environmental Impact Statement, Ontonagon and Gobeic Counties, Michigan and Vilas County in Wisconsin. Our review is pursuant to the National Environmental Policy Act (NEPA), Council on Environmental Quality (CEQ) regulations (40 CFR Parts 1500-1508), and Section 309 of the Clean Air Act (CAA). The CEQ number for this document is 020384.

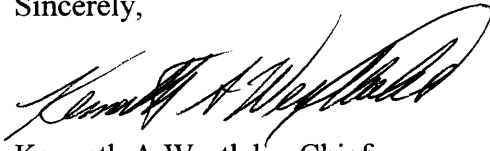
The Federal Energy Regulatory Commission's (FERC's) December 10, 2001 EIS described relicensing for the continued operation of the Bond Falls Hydroelectric Project on the Ontonagon River system. The project covered operations at Bond Falls, Bergland, Cisco, and Victoria, located on three major branches of the Ontonagon River. Of these developments owned and operated by the Upper Peninsula Power Company (UPPCO), only the Victoria development is a power-producing facility, with an installed capacity of 12 megawatts. According to the original EIS, UPPCO proposes to continue diverting water from the Middle Branch to the South Branch for power generation at the Victoria development. On February 2, 2002, we assigned an "LO" (Lack of Objections) rating to the project, and indicated that U.S. EPA had no objections to project implementation and that adequate information on the project and its potential to result in environmental impacts had been provided. FERC's final EIS became available in June 2002.

The U.S. Forest Service's SDEIS appeared in the Federal Register on September 6, 2002, proposing to introduce Terms and Conditions into the hydropower license issued for the Bond Falls project in order to insure protection of the Ottawa National Forest. The Terms and Conditions relate to protection of the National Forest's Resources, including fish and other aquatic biota, wildlife, vegetation, recreation, and aesthetics. As a result of reviewing the SDEIS,

U.S. EPA rates the U.S. Forest Service project "LO," because application the Terms and Conditions that are proposed would make the UPPCO project more protective of the environment. Given the U.S. Forest Service's procedure of releasing the Record of Decision (ROD) at the same time as the FEIS, we have no objection to issuance of a ROD that lays out these Terms and Conditions for the Bond Falls Project.

Please send only two copies of the Final Supplemental EIS and Record of Decision to this office at the same time it is officially filed with our Washington, D.C. Office. If you have any questions or comments, please contact Rosalyn Johnson of my staff at 312/353-5692 or send E-mail to johnson.rosalyn@epa.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Kenneth A. Westlake". The signature is fluid and cursive, with a large loop at the end.

Kenneth A Westlake, Chief
Environmental Planning and Evaluation Branch

Attachment: Ratings Summary

SUMMARY OF RATING DEFINITIONS AND FOLLOW UP ACTION*

Environmental Impact of the Action

LO-Lack of Objections

The EPA review has not identified any potential environmental impacts requiring substantive changes to the proposal. The review may have disclosed opportunities for application of mitigation measures that could be accomplished with no more than minor changes to the proposal.

EC-Environmental Concerns

The EPA review has identified environmental impacts that should be avoided in order to fully protect the environment. Corrective measures may require changes to the preferred alternative or application of mitigation measures that can reduce the environmental impacts. EPA would like to work with the lead agency to reduce these impacts.

EO-Environmental Objections

The EPA review has identified significant environmental impacts that must be avoided in order to provide adequate protection for the environment. Corrective measures may require substantial changes to the preferred alternative or consideration of some other project alternative (including the no action alternative or a new alternative). EPA intends to work with the lead agency to reduce these impacts.

EU-Environmentally Unsatisfactory

The EPA review has identified adverse environmental impacts that are of sufficient magnitude that they are unsatisfactory from the standpoint of public health or welfare or environmental quality. EPA intends to work with the lead agency to reduce these impacts. If the potential unsatisfactory impacts are not corrected at the final EIS state, this proposal will be recommended for referral to the CEQ.

Adequacy of the Impact Statement

Category 1-Adequate

The EPA believes the draft EIS adequately sets forth the environmental impact(s) of the preferred alternative and those of the alternatives reasonably available to the project or action. No further analysis or data collecting is necessary, but the reviewer may suggest the addition of clarifying language or information.

Category 2-Insufficient Information

The draft EIS does not contain sufficient information for the EPA to fully assess the environmental impacts that should be avoided in order to fully protect the environment, or the EPA reviewer has identified new reasonably available alternatives that are within the spectrum of alternatives analyzed in the draft EIS, which could reduce the environmental impacts of the action. The identified additional information, data, analyses, or discussion should be included in the final EIS.

Category 3-Inadequate

EPA does not believe that the draft EIS adequately assesses potentially significant environmental impacts of the action, or the EPA reviewer has identified new, reasonably available alternatives that are outside of the spectrum of alternatives analyzed in the draft EIS, which should be analyzed in order to reduce the potentially significant environmental impacts. EPA believes that the identified additional information, data analyses, or discussions are of such a magnitude that they should have full public review at a draft stage. EPA does not believe that the draft EIS is adequate for the purposes of the NEPA and/or Section 309 review, and thus should be formally revised and made available for public comment in a supplemental or revised draft EIS. On the basis of the potential significant impacts involved, this proposal could be a candidate for referral to the CEQ.

*From EPA Manual 1640 Policy and Procedures for the Review of the Federal Actions Impacting the Environment